

MEMORANDUM

SUBJECT: National Estuary Program FY 2005 and FY 2006 Funding Allocations and Reporting Requirements

FROM: Suzanne Schwartz, Director
Oceans and Coastal Protection Division

TO: National Estuary Program Directors

Funding Allocations

FY 2005

Each Program (National Estuary Program or Program) is eligible to receive a minimum of \$511,966 in FY 2005. The Long Island Sound Study (LISS) will receive additional funds from an LISS-specific Congressional earmark and from an EPA line item for a total FY 2005 allocation of \$2,793,963. The \$511,966 for each Program and \$2,793,963 for the LISS reflect amounts deducted for the rescission directed by Congress. See Attachments 1 and 2 for detailed information (FY 2005 NEP Funding Allocations and Rescission for Earmark and Non-earmark Funds).

FY 2006

Your 2006 funding allocations will be provided once EPA has received its FY 2006 appropriation and Congress has approved the Agency's proposed FY 2006 operating plan.

New Assistance Agreement Policies

Please be aware that EPA recently issued three new grants/assistance agreement policies. These new Orders are available at: <http://www.epa.gov/ogd/grants/regulations.htm>. Their impacts on your Program are described immediately below.

EPA Order No. 5700.7--Environmental Results under EPA Assistance Agreements

On January 1, 2005, EPA's Environmental Results under EPA Assistance Agreements Order (Results Order) went into effect. The Results Order is intended to ensure that EPA assistance agreements are results-oriented and aligned with EPA's strategic goals. Although the responsibility for ensuring that grantees comply with the Results Order resides with EPA Project Officers, i.e., your NEP Regional Coordinators, the Results Order has the following Annual Workplan implications for you; it requires that your Annual Workplans:

- be aligned with the goals and objectives of EPA's Strategic Plan and the Government Performance and Results Act, and
- include well-defined outputs and, to the maximum extent practicable, well-defined outcomes.

EPA Order No. 5700.5A1--Policy for Competition in Assistance Agreements

On January 15, 2005, EPA's Order on Competition for Assistance Agreements (Competition Order) went into effect. This new Competition Order does not change the previous competition policy, which held that CWA Section 320 grants provided to NEPs are exempt from competition. Please note that if you do compete a portion of your CWA Section 320 funds, you must comply with all Competition Order requirements.

EPA Order No. 5700.8--EPA Policy on Assessing Capabilities of Non-Profit Applicants for Managing Assistance Awards

The EPA Policy on Assessing Capabilities of Non-Profit Applicants for Managing Assistance Awards (Pre-award Order) went into effect on March 31, 2005. The Pre-award Order was developed in response to Federal Legislative and Executive Branch concerns about non-profits' capacity to implement proposed projects and manage EPA funds. The Pre-award Order establishes controls for determining the administrative and programmatic capability of non-profit organizations applying for EPA assistance agreements and enhances post-award oversight of those agreements. The Pre-award Order applies to all awards to non-profit organizations (as defined in the Pre-award Order) made on or after March 31, 2005.

Note that under the terms of the Pre-award Order, there is an FY 2005 pre-award threshold of \$200,000 above which a pre-award review for administrative capability is required for an individual award. Since each NEP receives an allocation above \$200,000, those of you that are non-profit organizations as defined in the Order are required to complete an Administrative Capability Form found in Appendix A to this Pre-award Order and provide supporting documents. Note also that Congressional earmarks to non-profit recipients are not exempt from the provisions of this Pre-award Order. A determination that a Program has the necessary administrative capability will generally remain in effect for four years.

Reporting Requirements

<u>Due Date</u>	<u>Report</u>
June 30, 2005	Approved 2005 Annual Workplan to EPA HQ (Darrell Brown and staff)
June 30, 2006	Approved 2006 Annual Workplan to EPA HQ (Darrell Brown and staff)
September 1, 2005	Annual Workplan follow-on Habitat and Priority Actions reports with geo-referencing to EPA HQ (Nancy Laurson)
September 1, 2006	Annual Workplan follow-on Habitat and Priority Actions reports with geo-referencing to EPA HQ (Nancy Laurson)
September 1, 2005	Annual Workplan follow-on Indicator List and accompanying information to EPA HQ (Joe Hall)
September 1, 2006	Annual Workplan follow-on Indicator List and accompanying information to EPA HQ (Joe Hall)
September 1, 2005	Annual Workplan follow-on Leveraged Funds Documentation to EPA HQ (Tim Jones)
September 1, 2006	Annual Workplan follow-on Leveraged Funds Documentation to EPA HQ (Tim Jones)

Over the past few years, EPA has emphasized improving the quality and content of Annual Workplans. We are glad to see overall improvements in Workplan quality and content. We still believe that in many cases NEPs need to provide additional details to effectively address content requirements, particularly those related to accomplishments, match, and new and ongoing projects. Since the Workplans are significant components of the new streamlined Implementation Review, it is especially important that they provide the required level of detail.

Annual NEP Workplans must include the following items:

Goals and Accomplishments

1. A description of Program accomplishments (programmatic, environmental, etc.) and transferable success stories from the past year.
2. A listing of the Program goals achieved.

3. A discussion of major goals/focus for the coming year and any changes in priorities.
 4. A description of progress in producing well-defined outputs and, to the maximum extent practicable, toward achieving outcomes as described in the Results Order.
- **Status Update of Ongoing Projects**
 1. Status of projects that are ongoing from the previous year; this shall include a summary of the deliverables and associated milestones or completion delivery dates, project name or Comprehensive Conservation and Management Plan (CCMP) action, project cost, and organization responsible for carrying out the project.
 - **Descriptions of New Projects**
 1. A description of new projects, activities, or planned products for the coming year(s) that are intended to meet Program goals, including a discussion of how the new efforts are linked to CCMP action plans or to the seven purposes of CWA Section 320; milestones and/or completion/delivery dates for new tasks; cost of the project, activity, or product; and the source of funds to carry out the new project.
 2. Identification of the organization responsible for each new project/activity/product and the role of any partners in their development/use.
 - **Administrative and Financial Information**
 1. A list of staff and description of their responsibilities/activities.
 2. Description of grants provided by the NEP to local entities; this information should include the amount provided, organization conducting the work; the purpose of the grant; project deliverables; and completion dates.
 3. Total funds leveraged (Section 320 and others) and their sources.
 4. The non-Federal cost share (match) and its source (specify in-kind or cash from particular entity; if in-kind, indicate type - e.g., office space); if staff, please specify individual, position held, and employer, and an estimated dollar value of the FTE contribution to the match.
 - **Travel Documentation**
 1. Travel documentation requirements are detailed on pages 11-12 of this document.
 - **50 Percent Match**
 1. Each Annual Workplan must demonstrate that non-Federal sources cover at least 50 percent of an NEP's aggregate funding needs in each fiscal year. In some cases, an organization responsible for a specific activity may not be required to provide matching funds for their projects if the total aggregate match is met by the NEP. This provision is intended to maximize participation in the NEP process. However, because assistance awards are conditioned on compliance with the aggregate cost-share requirement, the primary recipient of the award is responsible for ensuring that the match requirement is met.

NEP 2005 Annual Workplans that include all the required reporting information described above and that have been developed and approved by the Management Conference **must be submitted to Darrell Brown with a copy to your HQ Coordinator by June 30, 2005.** Completed NEP 2006 Annual Workplans that include all the required reporting information described above and that have been developed and approved by the Management Conference must be submitted to Darrell Brown with a copy to your HQ Coordinator by June 30, 2006.

- **Annual Workplan Follow-on Data: Environmental Results of CCMP Implementation_____**

EPA's current Strategic Plan establishes key Agency goals for the five-year period 2004-2008, and is the mechanism EPA uses to identify and describe the most important indicators of Agency progress toward achieving water quality goals. EPA may use NEP environmental results data as the Agency gathers information and reports on progress in achieving national ocean and coastal water quality goals.

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1. Habitat Protection and Restoration: FY 2005 and FY 2006 reporting requirements have been revised based on the recommendations of an EPA-NEP workgroup that reviewed previous years' reporting requirements. The workgroup recommended changing the previous years' reporting fields to: (1) clarify the data request, (2) enhance the quality of your NEP data by making it consistent with other habitat tracking efforts, and (3) enhance your ability to depict the results of your habitat protection and restoration efforts. The revised reporting form will be sent out under separate cover within the next several weeks.

Completed habitat protection and restoration reports are due to EPA Headquarters by September 1 in 2005 and by September 1 in 2006. Please provide data electronically and in hard copy on the revised reporting form that will be transmitted shortly. Please confer with your EPA Regional Coordinator before sending the data to Nancy Laurson (laurson.nancy@epa.gov). EPA recognizes that in order to meet the September 1st deadline, you and your partners may have to calculate a total for the reporting year by estimating the number of acres of habitat protected and restored between September 1st and 30th. If you need further information, please contact Nancy Laurson at 202-566-1247.

Note that to reduce the reporting burden on NEPs and the time required for quality assurance and quality control, EPA has begun development of an on-line habitat protection and restoration reporting form. The form will replicate the revised form that you will receive within the next few weeks, and will include many drop-down menus to facilitate ease of reporting. Once developed, it will appear in an on-line LotusNotes database. The on-line form will be available in time for you to report your FY 2006 data on-line.

2. CCMP Priority Actions Initiated: Environmental results on which you must report include the number of CCMP priority actions initiated. Updated information about the number of actions initiated is a general indicator of the range of environmental problems the NEP actively addressed during the reporting period and can be used to develop a broad national picture about the scope of NEP implementation activities.

For FY 2005 and FY 2006 data, we strongly urge you to continue using the same reporting matrix as that used in previous years (Attachment 3). Send the priority action information to your EPA Regional Coordinator in time for that Coordinator to review the report before you submit it to EPA Headquarters. **The FY 2005 report is due to EPA Headquarters by September 1, 2005 and the FY 2006 report is due by September 1, 2006. Please submit your information electronically and in hard copy to Nancy Laurson (laurson.nancy@epa.gov).**

3. Indicators: NEP indicators are the means by which you track key short- and long-term spatial and/or temporal trends in the priority problems facing your NEP watershed. These indicators gauge the effectiveness or success in achieving measurable Program goal/objectives to protect and restore estuaries through implementation of the CCMP. These indicators must answer the following questions: 1) are the goals and objectives of the CCMP being met, and 2) is the condition of the estuary changing?

Indicators must address the physical, chemical and biological attributes of the estuary as well as any social (cultural or human use) aspects, e.g., water quality conditions, status of living resources, and trends in land use. The NEP-specific indicators chosen should: represent the environmental and land use conditions of that estuary system-wide; be relevant to the NEP's priority problems; be meaningful to the estuary's residents, decision-makers and public officials; be able to be monitored and tracked; and represent environmental outcomes (be quantifiable). The indicators chosen should be vetted through the NEP stakeholder process, and each Program must report status and trends information for those indicators to the public on a periodic basis (through State of the Bay reports or other vehicles such as websites or newsletters). You may also include indicators which, in support of CCMP implementation, are related to site-specific numerical or narrative water quality standards.

One approach for evaluating potential indicators would be to ask the following questions: 1) is the indicator relevant to the assessment question and to the resource at risk? 2) are the methods for long-term sampling and measuring the environmental variables technically feasible, appropriate and efficient for use in a monitoring program? 3) are human errors of measurement and natural variability over time and space sufficiently documented and understood? and, 4) will the indicator convey information on resource conditions that is meaningful to environmental decision-makers?

For purposes of the Annual Workplan follow-on reporting requirement for indicators, an indicator is “in use” if: 1) it has been chosen and approved by the NEP management conference, 2) monitoring is underway by the NEP or its partners, 3) a report on the status and trends of the environmental and ecological condition of the estuary and its resources has been or will be developed, and 4) it addresses the issues and answers the questions raised immediately above. To be considered “in use”, an indicator must meet all four of these criteria.

We request that each NEP submit an Annual Workplan follow-on report containing your environmental indicators “in use.” We strongly urge you to use the matrix format provided in Attachment 4 to report your indicators data. **Please send one electronic report and one hard copy report to Joe Hall (hall.joe@epa.gov) by September 1, 2005. FY 2006 electronic and hard copy reports are due to Joe Hall by September 1, 2006.** For further information, contact Joe Hall at 202-566-1241.

- **Annual Workplan Follow-on Data: Leveraged Funds Documentation**

As part of CCMP implementation, each NEP works to ensure its long-term financial sustainability by pursuing leveraging opportunities. Leveraged resources include resources that are administered by the NEP and those that are not. As in past years, we request that each NEP report on leveraged resources, i.e., on financial or in-kind resources committed above and beyond the Federal funding provided under the Section 320 grant.

In addition, to enhance each Program’s ability to provide partners and the broader public with complete information about how Program funds are used, EPA also requests that each NEP develop information describing the use of the NEP’s leveraged resources. We strongly urge each NEP to use the matrix format provided in Attachment 5 to report your leveraging data.

The leveraging reports **must** include:

- ▶ Section 320 **match**
- ▶ Financial and in-kind support obtained by source (i.e., Federal, State, local government, private entity)
- ▶ The role NEPs played in obtaining the leveraged funds (i.e., Primary, Significant, or Support)
- ▶ How the funds were used

The leveraging reports are **not** to include the following information:

- ▶ Section 320 **grant**
- ▶ Projects that would have happened without the NEP (e.g., projects that pre-date the NEP)

A new on-line form is under development to facilitate reporting of leveraging data, and may be available for your NEP's use in FY 2005. Headquarters will notify you and the Regions when the on-line form becomes available. Until that form is up and running, we recommend that you use the attached Leveraging Matrix (Attachment 5). **NEPs must submit your information for the October 1, 2004 - September 30, 2005 time frame to Tim Jones by September 1, 2005 and for the October 1, 2005 - September 30, 2006 time frame to Tim Jones by September 1, 2006.** For further information, contact Tim Jones at (202) 566-1245 (jones.tim@epa.gov).

NEPs Support Implementation of Core Water Programs

As was discussed at the 2004 and 2005 National Meetings, the collaborative nature of NEP processes and of CCMP implementation promotes the formation of NEP partnerships with State and local governments--the lead implementers of CWA core water programs. As a result of these partnerships, you have for many years played a collaborative role in bringing about environmental improvements resulting from core CWA program implementation in your watersheds. As part of CCMP implementation, you have also collaborated with EPA to address many emerging issues of concern to EPA such as smart growth and invasive species.

We would like to promote and describe the collaborative role you played in bringing about those environmental improvements, and ask that wherever possible in requested reports or in your Annual Workplan, you highlight how implementation of your CCMP supports State and local CWA activity on the following core water programs, as well as on such issues as smart growth and invasive species:

- Strengthening Water Quality Standards
- Improving Water Quality Monitoring
- Developing Total Maximum Daily Loads (TMDLs)
- Controlling Nonpoint Source Pollution on a Watershed Basis
- Strengthening National Pollutant Discharge Elimination System (NPDES) Permits
- Supporting Sustainable Wastewater Infrastructure

Implementation Review

As noted in the FY 2002 Funding Allocations and Reporting Requirements Guidance (March 4, 2002) and reemphasized in the 2004 Implementation Review Guidance (December 30, 2003), EPA expects that all Programs will have specified systems and reports in place, including (1) an implementation tracking system that indicates the level of progress made in implementing CCMP actions, (2) an environmental progress report that provides environmental results achieved during CCMP implementation, and (3) environmental indicators that enable the NEP to measure environmental results.

EPA recognizes that many NEPs have developed or are actively working on meeting these requirements, and allowing for the individuality of each Program, EPA has not provided specific guidance regarding the content or format of these items. However, EPA did suggest what the components of those systems and reports should be in the NEP FY 2003 Funding Guidance (April 29, 2003). With regard to indicators, please refer to the above discussion for more specifics on what that requirement entails.

Waiver Process

If an NEP believes that its Annual Workplan and the follow-on required reports described above do not meet one or more of the requirements laid out here, the NEP may request a waiver from the EPA Regional Division Director with delegated authority for that NEP. The waiver request should identify the reporting requirement from which a waiver is requested, the circumstances requiring the waiver, and a commitment to adhere to the requirements in this document to the greatest extent possible. Waiver requests from our Orders must be done by EPA at the National Program level, not by individual grantees or by individual Regions.

Use of Section 320 Funds

The question of whether Section 320 funds can be used to support the Association of National Estuary Programs (ANEP) has been raised again recently. As stated in previous guidance, ANEP membership or services must be paid from non-Federal sources and cannot be used as match for funds received from the U.S. Environmental Protection Agency under CWA Section 320 authority. EPA supports the Association's education, outreach and technology/information transfer activities, and considers ANEP to be an important organization for building public awareness about the importance of protecting and restoring the nation's estuarine and coastal resources. However, with respect to membership dues or services, it is important to clearly demonstrate that ANEP is independent of EPA, is not funded by Federal funds allocated by EPA, and is viewed as independent by its members and the public. If this policy changes in the future, EPA will notify each NEP immediately.

Conclusion

Please refer to the FY 2002 Funding Allocations and Reporting Requirements Guidance for further information on NEP policies and procedures (i.e., cost share, grants issues). If you have any questions or need further information, please contact Darrell Brown at 202-566-1256.

Attachments

cc: Diane Regas
Craig Hooks
Craig Vogt
Richard Kuhlman, Grants Administration Division
Coastal Management Branch

Office of General Counsel
National Estuary Program Regional Managers
National Estuary Program Regional Coordinators

Requirements for Reporting on Travel Funds

EPA considers personal, face-to-face contact with peers and colleagues essential for information sharing and technology transfer. The Agency also considers technology transfer from NEPs to other communities essential for the success of coastal watershed protection. To support this concept, EPA has provided travel funding above the base funds. These funds should be used for activities such as:

1. Presentations at or participation in national and regional NEP meetings;
2. Presentations at or participating in workshops or conferences;
3. Travel to other NEPs or communities to provide peer-to-peer technical assistance;
4. Travel to other NEPs or watersheds for assistance;
5. Travel by NEP staff or stakeholders from other NEPs or watershed programs to provide an NEP with assistance; and
6. Travel to national or international conferences to share information on the National Estuary Program.

Funds also may be used to pay for travel of staff or stakeholders from other NEPs or watershed organizations to serve as a consultant to an NEP. These stakeholders may include citizens, members of environmental or public interest organizations, business or industry representatives, academicians, scientists or technical experts.

Funds are only to be used to pay for travel costs (i.e., transportation, lodging and meals), not the cost of sponsoring or conducting workshops, conferences, events or meetings (e.g., renting facilities, providing meals or refreshments, producing materials and handouts). These funds cannot be used to pay for travel of Federal employees.

Regions must include a special condition in the agreement with the grant recipient regarding the use of these funds. For those programs receiving travel funds, this grant condition must state:

“Funds in the amount of \$10,000 are included in the agreement for outreach support. These funds are to: 1) cover travel for the NEP Program Office, Management Conference members, or other associated stakeholders to appropriate national and regional conferences, workshops, or meetings; 2) provide peer-to-peer technical assistance to other NEPs or neighboring communities; and 3) bring in staff or stakeholders from other NEPs or watershed programs to assist an NEP. As a requirement of this agreement, the grantee (**NEP Program Office**) is required to attend all national or regional meetings called on behalf of the Program.”

Therefore, EPA expects at a minimum that NEP Directors and appropriate staff attend the annual NEP national meetings and any scheduled NEP workshops directly involving the Programs (e.g., finance workshops). Programs that are not using at least 50 percent of their allocation of travel funds for the year or are not attending national meetings will be ineligible for funding in the next fiscal year. In addition, NEPs will not be eligible to receive travel funds in the coming year if the Workplan does not document how the previous year's travel funds were used (or how any remaining funds will be used for the rest of the year).

In order to become eligible for travel funds, each Program must have documented the use of the previous year's travel supplement in the Annual Workplan submitted to EPA Headquarters. **This documentation should identify the person who traveled, travel dates, trip purpose, location and cost. The documentation should also indicate proposed travel for the coming fiscal year.**

Requirements for Reporting on Leveraged Resources

Leveraging Role Definitions:

“Primary role” indicates that the NEP played the central role in obtaining the leveraged resources. For example, the NEP convened a workgroup that created a stormwater utility or researched and wrote a grant proposal. **“Significant role”** indicates that the NEP actively participated in but did not lead the effort to obtain additional resources. For example, the NEP wrote parts of a grant proposal or identified lands for habitat restoration. **“Support role”** indicates the NEP played a minor role in channeling resources toward CCMP implementation. For example, the NEP wrote a letter of support for a partner grant application or included habitat acquisition as a CCMP action, but other entities raised funds and identified lands for acquisition.

Additional Leveraging Role Examples:

Primary role indicates that the NEP played the central role in obtaining the leveraged resources. For example, the NEP:

- Wrote a grant proposal that helped fund the implementation of a CCMP action
- Solicited funds and in-kind support for NEP operations (e.g., office space)
- Provided funds to partners for use as match for grants that fund CCMP implementation

Significant role indicates that the NEP actively participated in but did not lead the effort to obtain additional resources. For example, the NEP:

- Wrote parts of a grant proposal that helped fund CCMP implementation
- Identified lands for habitat restoration that were restored using other sources of funding
- Directed other non-NEP resources (e.g., SEP money) to projects
- Established a program such as a local land trust that raised money for CCMP implementation
- Convened or actively participated in a stormwater utility workgroup that subsequently raised funds for CCMP implementation
- Provided seed money to support a larger project, such as a public event, but left additional fundraising to project sponsors

Support role indicates the NEP played a minor role in channeling resources toward CCMP implementation. For example, the NEP:

- Wrote a letter in support of a partner’s grant proposal
- Included habitat acquisition as a CCMP action, but other entities raised funds and identified lands for acquisition